



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 15, 2007

H.R. 3873 **Section 515 Rural Housing Property Transfer** **Improvement Act of 2007**

As ordered reported by the House Committee on Financial Services on October 31, 2007

Section 515 of the Housing Act of 1949 provides the Rural Housing Service (RHS) within the Department of Agriculture with the authority to make direct loans to developers to build multifamily rental housing in rural areas that is affordable to very low-income families, elderly people, and persons with disabilities. Developers of those projects can apply to the Secretary of Agriculture to transfer ownership or control of such housing to another entity. Those transfers (which are essentially sales), however, are made only if the Secretary determines that the transfer would support housing assistance for low-income people and would be in the best interest of the residents.

H.R. 3873 would require RHS to make certain administrative and procedural changes to improve its process for reviewing requests for transfers of housing supported by section 515 loans. Based on information from RHS, CBO estimates that implementing H.R. 3873 would cost about \$1 million annually over the 2008-2012 period, subject to appropriation of the necessary amounts. Such funding would be used for additional personnel and contract support.

In addition, CBO expects that some transfers of property would happen more expeditiously under this legislation, which could cause taxable events to occur sooner than they otherwise would. Although faster processing of property transfers could increase revenue from individual income taxes, CBO estimates that the total effect on revenues for any fiscal year would be less than \$500,000; the effect over the 2008-2017 period also would be less than \$500,000.

H.R. 3873 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Susanne S. Mehlman. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.